

**COUNCIL ON PENSIONS AND INSURANCE  
AMENDMENT NO. 1 to AMENDMENT NO. 1**

**Amendment No. 1 to Amendment 1 to HB2500**

**Rhinehart  
Signature of Sponsor**

**AMEND Senate Bill No. 2425**

**House Bill No. 2500**

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____
_____

by deleting SECTION 20 of Amendment Number 1 and by substituting instead the following:

SECTION 20. Tennessee Code Annotated, Title 8, Chapter 35, Part 1, is amended by adding the following as a new appropriately designated section:

8-35-1\_\_\_\_. (a) Effective July 1, 2002, all present and future employees of any self-sustaining board, commission or agency created by the supreme court of Tennessee shall participate in the Tennessee consolidated retirement system as a condition of employment and any pre-existing employee pension or retirement program maintained by any such board, commission or agency shall be closed. Except as otherwise provided in this section, the membership of such employees in the retirement system shall be governed by the same terms and conditions applicable to state general employees as such term is defined in § 8-34-101(18).

(b) Notwithstanding any other law to the contrary, all years of service rendered by a member prior to July 1, 2002 as an employee of any board, commission or agency described in subsection (a) above shall be used in determining eligibility for a service retirement allowance pursuant to § 8-36-201, an early service retirement allowance pursuant to § 8-36-301 and for calculating the years of creditable service projection under § § 8-36-501(c)(2) and (c)(3), regardless of whether the member established such service in retirement system pursuant to subsection (c) below. Unless established pursuant to subsection (c) below, the service shall only be credited for the purpose of establishing

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eligibility for a service or early service retirement allowance or for calculating the years of creditable service projection under § 8-36-501(c)(2) and (c)(3), and shall not be used for any other purpose including, but not limited to, § 8-34-605. No benefit shall be paid on such service unless established pursuant to subsection (c) below.

(c) Any member or retired member of the retirement system shall be entitled to establish retirement credit for previous service rendered to any board, commission or agency described in subsection (a) above. Notwithstanding any other law to the contrary, the establishment of such prior service shall be subject to following terms and conditions:

(1) For service rendered prior to the effective date of the member's participation in any pre-existing employee pension or retirement program maintained by any such board, commission or agency, the member or retired member must make a back payment to the retirement system equal to:

(A) the amount of employee contributions such member would have made had the member been a member of the retirement system during that time, plus

(B) interest on said amount at the rate provided in § 8-37-214.

(2) For service rendered on or after the effective date of the member's participation in any pre-existing employee pension or retirement program maintained by any such board, commission or agency, the member or retired member must make a back payment to the retirement system equal to:

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(A) the amount of employer contributions which would have been made had the member been a member of the retirement system during that time, plus

(B) interest on said amount at the rate provided in § 8-37-214.

(3) A member or retired member applying for prior service credit under this subsection for service rendered during any period from July 1, 1981 through the effective date of the member's participation in any pre-existing employee pension or retirement program maintained by any board, commission or agency described in subsection (a) must establish all prior service creditable under this section before being eligible to establish such service. Until all such service is established, no prior service credit purchased under this section shall be used in determining any rights or benefits under the retirement system until all service creditable under this subsection has been established.

(4) For service rendered prior July 1, 1981 and for service rendered on or after the effective date of the member's participation in any pre-existing employee pension or retirement program maintained by any such board, commission or agency described in subsection (a), the member may establish all or a portion of such service provided that the service being established must be for service rendered most recent in time.

(5) The one (1) year membership service requirement of § 8-37-214 shall not apply to service established under this subsection.

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(6) The payment required to establish the prior service credit may be made in a lump sum or through monthly installments pursuant to § 8-37-220. Any lump sum payment to establish the service may be made through amounts transferred from any pension plan maintained on behalf of the member by any such board, commission or agency. If the member elects to establish the credit through monthly installments, no amount may be transferred from such other pension plan unless the transfer is being made to pay-off the remaining balance owed under the installment arrangement.

Notwithstanding § 8-35-111 or any other law to the contrary, if the cost to establish the credit is not funded in whole or in part from amounts transferred by the member from such other pension plan, the member shall be permitted to retain ownership of such amounts without violating § 8-35-111.

(7) Retirement credit being established through monthly installments cannot be used in determining any rights or benefits under the retirement system until all payments for the same have been received by the retirement system.

(c) Service established in accordance with the section shall be credited in Group 1 only.